

CITY OF MCGREGOR

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

**FOR THE PERIOD
JULY 1, 2013 THROUGH JUNE 30, 2014**

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CITY OF MCGREGOR

OFFICIALS

<u>Name</u>	<u>Title</u> (Before January, 2014)	<u>Term Expires</u>
Gaylinda Hallberg	Mayor	Jan. 2014
Joe Muehlbauer	Mayor Pro tem	Jan. 2016
Jason Bagdonovich	Council Member	Jan. 2014
Joe Collins	Council Member	Jan. 2014
Charles Carroll	Council Member	Jan. 2014
Rogeta Halvorson	Council Member	Jan. 2016
Lynette Sander	City Clerk	Indefinite
Mary Guritz	Treasurer	Indefinite
Michael Schuster	Attorney	Indefinite
(After December, 2013)		
Harold Brooks	Mayor	Jan. 2016
Joe Muehlbauer	Mayor Pro tem	Jan. 2016
Rogeta Halvorson	Council Member	Jan. 2016
Joe Collins	Council Member	Jan. 2018
Charles Carroll	Council Member	Jan. 2018
Janet Hallberg	Council Member	Jan. 2018
Lynette Sander	City Clerk	Indefinite
Mary Guritz	Treasurer	Indefinite
Michael Schuster	Attorney	Indefinite

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor
And Members of the City Council:

We have performed an agreed-upon procedures engagement of the City of McGregor pursuant to Chapter 11.6 of the Code of Iowa enacted by the Iowa Legislature to provide certain minimum oversight of Iowa cities. Accordingly, we have applied certain tests and procedures to selected accounting records and related information of the City of McGregor for the period July 1, 2013 through June 30, 2014. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States.

The procedures we performed are summarized as follows:

1. We reviewed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. We reviewed the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. We reviewed security bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. We obtained and reviewed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.
5. We reviewed City funds for consistency with the City Finance Committee's recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances are properly maintained and accurately accounted for.

6. We reviewed the City's fiscal year 2013 Annual Financial Report to determine whether it was completed and accurately reflects the City's financial information.
7. We have reviewed investments to determine compliance with Chapter 12B of the Code of Iowa.
8. We reviewed compliance with Chapters 12C.2, 12B.10B and 556.1(12) of the Code of Iowa pertaining to required depository resolutions, investment policy and reporting of unclaimed property to the State of Iowa.
9. We reviewed debt, including general obligation and revenue bonds/notes, and related transactions for proper authorization and compliance with Chapters 75, 384 and 403.9 of the Code of Iowa and to determine whether the debt and related proceeds and repayments were properly accounted for.
10. We reviewed and tested selected tax increment financing (TIF) transactions, including receipts, disbursements and transfers, for compliance and accurate accounting, including compliance with the TIF reporting requirements of Chapter 384.22 of the Code of Iowa.
11. We reviewed the City's TIF debt certification forms filed with the County Auditor, including requests for collection of reduced TIF amounts and to decertify certain TIF obligations, as applicable for proper support and compliance with Chapter 403.19(6) of the Code of Iowa.
12. We reviewed and tested selected receipts for accurate accounting and consistency with the recommended COA.
13. We reviewed and tested selected disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the recommended COA and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
14. We reviewed transfers between funds for propriety, proper authorization and accurate accounting.
15. We reviewed and tested selected payroll and related transactions for propriety, proper authorization, and accurate accounting.
16. We reviewed the annual certified budget for proper authorization, certification, and timely amendment.

Based on the performance of the procedures described above, we identified various recommendations for the City. Our recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

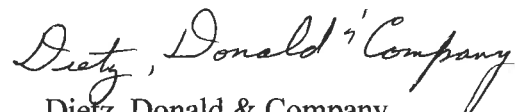
We were not engaged to and did not conduct an audit of the City of McGregor, the objective of which is the expression of opinions on the City's financial statements. Accordingly, we do not express opinions on the City's financial statements. Had we performed additional procedures, or had we performed an audit of the City of McGregor additional matters might have come to our attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees, citizens and customers of the City of McGregor and other parties to whom the McGregor may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of McGregor during the course of our agreed-upon procedures. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Elkader, Iowa

August 20, 2014


Dietz, Donald & Company
Certified Public Accountants
FEIN 42-1172392

DETAILED RECOMMENDATIONS

CITY OF MCGREGOR
DETAILED RECOMMENDATIONS
For the Period July 1, 2013 through June 30, 2014

- A) Deposits and Investments - The Library Board has invested trust fund money in certificates of deposit held in depositories outside the State of Iowa. Chapter 12C of the Code of Iowa requires City deposits to be held in depositories located in the county in which the City is located. In addition, the Library Board has invested funds in common stocks. Chapter 12B.10(5) does not include common stocks in its list of all allowable investments for political subdivisions of the state.

Recommendation - The City should only make investments allowed by the Code of Iowa.

- B) Certified Budget - Disbursements during the year ended June 30, 2014 exceeded the amounts budgeted in the General Government function. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

Recommendation - The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed budget.

- C) Business Transactions - Business transactions between the City and City officials are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Gaylinda Hallberg, Mayor, Employee of Kwik Trip	Fuel	\$ 3,660
Janet Hallberg, Council Member Employee of Kwik Trip	Fuel	2,587

In accordance with Chapter 362.5(K) of the Code of Iowa, the above transactions may represent conflicts of interest since total transactions were more than \$ 2,500 during the fiscal year and the transactions were not competitively bid.

Recommendation - The City should consult legal counsel to determine the disposition of this matter.

- D) Monthly Clerk's Report - The monthly Clerk's report does not include a comparison of year-to-date disbursements by function to budget.

Recommendation - The City Clerk should prepare a comparison of year-to-date disbursement by function to budget monthly.

- E) City Council Minutes - Chapter 372.13(6) of the Code of Iowa requires minutes of all City Council proceedings be published within fifteen days of the meeting and include a summary of all receipts. The minutes reviewed did not include a summary of all receipts. In addition, meeting minutes were not signed as required by Chapter 380.7 of the Code of Iowa.

Recommendation - The City should comply with the Code of Iowa and include a summary of receipts in the minutes. In addition, all minutes should be signed to authenticate, as required.